

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Wheat Flour Subsidy Program for MY18-19

Report Categories:

Grain and Feed

Policy and Program Announcements

SP2 - Prevent or Resolve Barriers to Trade that Hinder U.S. Food and Agricultural Exports

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Report Highlights:

This report includes an unofficial translation of Order Number 1675-18 regarding the purchase of common wheat intended for the production of subsidized flour, as well as the conditions of manufacture, packaging, and sale of the flour. The measure was last notified to the WTO for 2007 in [G/AG/N/MAR/37](#).

Joint Order of the Minister of the Interior, the Minister of Economy and Finance and the Minister of Agriculture, Maritime Fisheries, Rural Development and Waters and Forests, [No. 1675-18 of Ramadan 16, 1439 \(June 1, 2018\)](#) laying down the conditions for the purchase of common wheat intended for the production of subsidized flour, as well as the conditions of manufacture, packaging and sale of the said flour

THE MINISTER OF THE INTERIOR,

THE MINISTER OF ECONOMY AND FINANCE,

THE MINISTER OF AGRICULTURE, MARITIME FISHERIES, RURAL DEVELOPMENT AND WATERS AND FORESTS,

Having regard to [Law No. 12-94](#) relating to the national inter-professional office for cereals and pulses (ONICL) and to the organization of cereals and pulses market promulgated by [Dahir No. 1-95-8 of Ramadan 22, 1415 \(February 22, 1995\)](#), as supplemented by Law No. 17-96, in particular Articles 22 and 23 thereof;

Having regard to [Decree No. 2-96-305 of Safar 13, 1417 \(June 30, 1996\)](#) adopted for the implementation of [Law No. 12-94](#) relating to the National Inter-Professional Office of Cereals and Pulses (ONICL) and to the organization of cereals and pulses market, in particular Article 12;

Having regard to Decree No. 2-17-213 of Rajeb 20, 1438 (April 18, 2017) delegating authority and responsibility to the Minister Delegate to the Head of Government, in charge of General Affairs and Governance,

Order:

FIRST ARTICLE. - For the 2018-2019 marketing year, the conditions for the purchase of common wheat intended for the production of subsidized flour and the conditions of manufacture, packaging and sale of the said flours are laid down in the articles below.

ART. 2. - The acquisition of common wheat for the production of subsidized flour may be a subject of call for tenders organized by the National Inter-Professional Office of Cereals and Pulses (ONICL) to storage agencies (grain traders, as well as Moroccan agricultural cooperatives and their union, as defined in Article 11 of the above-mentioned [Law No. 12-94](#)).

ART. 3. - The price of domestic or imported common wheat, offered in the context of call for tenders, means a standard quality. It may include storage costs, stakeholder margin, transportation costs to the industrial mill and related delivery costs.

ART. 4. - The selling price to the industrial mill of common wheat for the production of subsidized flours is fixed at 258.80 DH/ql, standard quality basis as defined in Annex I attached hereto. This price may possibly be increased by bonuses or reduced by discounts according to the scale set out in Appendix II.

The goods may be refused beyond the tolerances allowed in Annex III.

ART. 5. - The difference between the price resulting from the call for tenders provided for in Article 3 above and the selling price of 258.80 DH/ql provided for in Article 4 above shall be subject, by ONICL, to a levy or refund to operate with the holders of the said tenders.

ART. 6. - The elements used in the calculation of the cost price of the subsidized flour are as follows:

- Approach cost: 2.00 DH per crushed quintal;
- Milling margin:
 - 31.25 DH per crushed quintal for domestic wheat flour; and
 - 31.61 DH per crushed quintal for special flour;
- Price of wheat bran: 150.00 DH/ql;
- Extraction rate:
 - 81% for domestic common wheat flour;
 - 74% for the flour intended exclusively for the Saharan provinces, called special flour.

The cost prices of subsidized flours are as follows:

- For domestic flour of common wheat: 325.375 DH/ql;
- For flour destined for the Saharan provinces, called special flour: 342.432 DH/ql.

ART. 7. - In the case of common wheat, transport costs shall be borne by the State when they are not included in the price offered as provided for in Article 3 above. When transport and delivery costs are included in the price offered by tenders, the approach cost will be taken up to one (1.00) DH/ql by ONICL with industrial mills receiving common wheat for the production of subsidized flour.

ART. 8. - For subsidized flour, transport costs are borne by the State through the ONICL. In this case, a flat rate relating to the transport costs of 0.50 DH/ql is taken over by this Office from the industrial flour mills. This taken cost is not applied to subsidized flours commissioned by the marketing and exporting Office and not intended to Royal Armed Forces troops in the Southern Zone.

ART. 9. – When the common wheat retained under a call for tenders, it must be redistributed, its transfer to other manufacturing centers gives rise to a regularization of the transport differential between ONICL and the tenderers, based on the tariffs applied by the National Society of Transport and Logistics (SNTL).

ART. 10. - The selling price limits of subsidized flours are as follows:

- For domestic wheat flour:
 - Price of the goods, packaged, mill output: 182.00 DH/ql;
 - Wholesaler price: 188.00 DH/ql;
 - Public price: 200.00 DH/ql.
- For subsidized flour intended for the Saharan provinces:
 - Price of the naked goods, milling output: 87.00 DH/ql;
 - Public price: 100.00 DH/ql.

The unit amount of the compensation is fixed as follows:

- Domestic wheat flour outside the Saharan provinces: 143.375 DH/ql;

- Domestic flour for the Saharan provinces: 238.375 DH/ql;
- Flour intended for the Saharan provinces, called special flour: 255.432 DH/ql.

Costs related to the handling of subsidized flour intended for the Southern Provinces will continue to be borne and reimbursed by the State, on an identical basis, by the ONICL to the Marketing and Exporting Office (ECO) in the light of liquidation statements prepared by the latter and including the costs of receiving at the level of its deposits in the Southern Provinces.

The forwarding costs of the subsidized flours from the OCE depots to the beneficiary centers will continue to be borne and reimbursed by the State, on an identical basis, by ONICL to the OCE in the light of liquidation established by the latter.

The payment of the compensation is made for the benefit of industrial flour mills in view of bimonthly summary statements prepared and certified by their care.

ART. 11. - The packaging of subsidized flours must be done in bags of 50 kg net, the cost of which is borne by the industrial mills outside the Saharan provinces. The bags must have a green band of 10 centimeters wide placed in the middle of both sides of the bag. In addition, the selling price of the domestic subsidized flour outside the Saharan provinces to the public must be clearly displayed on both sides.

The packages must be sealed with lead seals from the mill and bear the apparent indication of the name of the product sold, as well as the name of the mill. They must also be provided with identification labels.

When the consumer buys the flour at retail (less than 50 kg), the public price provided for in Article 10 is not modified.

ART. 12. - This joint order, which takes effect on June 1, 2018, will be published in the Official Gazette.

Rabat, Ramadan 16, 1439 (June 1, 2018).

The Minister of the Interior,
ABDELOUAFI LAFTIT.

The Minister of the Economy and Finance,
MOHAMED BOUSSAID

The Minister of Agriculture, Maritime Fisheries, Rural Development and Waters and Forests,
AZIZ AKHANNOUCH

ANNEX I

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|---|
| Characteristics of standard common wheat intended for the production of subsidized flour |
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|--------------------|----------|
| Specific weight | 77 kg/hl |
| Various impurities | 1% |
| Sprouted seeds | 1% |
| Broken grains | 2% |
| Shriveled grains | 2.5% |
| Barley | 1% |

ANNEX II

| Schedule of reductions and increases bonuses applied for the delivery of common wheat for the production of subsidized flours to mills | | |
|---|-------------------------|--------------------------|
| Rates points of reductions and increases bonuses | | Rates in DH/Point |
| Bonuses: | | |
| Specific weight: | From 77.1 to 79 kg / hl | 1.12 |
| | From 79.1 to 80 kg / hl | 0.84 |
| | From 80.1 to 81 kg / hl | 0.70 |
| Reductions: | | |
| Specific weight: | From 76.9 to 75 kg / hl | 1.12 |
| Various impurities: | From 1.1 to 3% | 2.80 |
| Sprouted grains: | From 1.1 to 3% | 1.40 |
| Broken grains: | From 2.1 to 6% | 1.40 |
| Barley: | From 1.1 to 3% | 0.63 |
| Flanged grains: | From 1.1 to 3% | 1.26 |
| Decay grains: | From 1.1 to 3% | 1.26 |
| Shriveled grains: | From 2.6 to 6% | 1.26 |

ANNEX III

| Tolerance thresholds for common wheat intended for the production of subsidized flours | |
|---|-----------------------------|
| Characteristics | Tolerance thresholds |
| Specific weight | 75 kg/hl (minimum) |
| Various impurities | 3% (minimum) |
| Sprouted seeds | 3% (minimum) |
| Broken grains | 6% (minimum) |
| Shriveled grains | 6% (minimum) |
| Barley | 3% (minimum) |
| Flanged grains | 3% (minimum) |
| Decay grains | 3% (minimum) |

The text in Arabic was published in the general edition of "Official Gazette" No. 6698 of kaada 26, 1439 (August 9 2018).